

Message Text

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64

ACTION EB-11

INFO OCT-01 ARA-16 EUR-25 ISO-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01

DRC-01 /181 W

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R 261603Z SEP 73

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 5180

INFO AMEMBASSY BRASILIA

AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY LONDON

AMEMBASSY MEXICO

AMEMBASSY SAN SALVADOR

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE SAN JOSE 3426

E.O. 11652: N/A

TAGS: EAGR, BR, CS, ES, GT, MX, UK

SUBJECT: COFFEE: LATIN BLOC SUSPENDS SALES TO US

1. LOCAL PRESS REPORTS COSTA RICA JOINED WITH MEXICO, EL SALVADOR, BRAZIL AND COLOMBIA IN SUSPENDING SALES COFFEE TO U.S. SUSPENSION EFFECTIVE SEPTEMBER 21. PRESS REPORTS INDICATE JOINT ACTION CAME AT INITIATIVE OF MEXICO AND AIMED AT DEFENSE OF PRICES OF QUOTE OTHER MILDS END QUOTE. REPORTS INDICATE MEXICO SUSPENDED SALES ON SEPTEMBER 18 AND ELSALVADOR ON SEPTEMBER 21. JOINT AGREEMENT STILL PERMITS COFFEE SALES BY LATIN BLOC TO EUROPE WHERE PRICES ARE REPORTEDLY STRONGER.

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2. DISCUSSIONS WITH EXECUTIVE DIRECTOR COFFEE OFFICE

INDICATE THAT JOINT ACTION TAKEN DUE TO SHARP RISE IN STOCKS IN U.S. AND JAPAN AND WEAKENING OF PRICES. HE INDICATED THAT SUSPENSION LIKELY ONLY TO RUN UNTIL MID-OCTOBER. OTHER OFFICIALS MENTIONED TARGET PRICE IN RANGE OF \$60 TO \$70 PER BAG, BUT FAVORING HIGH SIDE OF RANGE.

3. EXECUTIVE DIRECTOR ALSO MENTIONED THAT EXPORTERS GROUP HAD AGREED TO WITHHOLD 5 MILLION BAGS DURING 1973/74 AND SHARE FOR COSTA RICA WAS 115,400 BAGS OR 150,521 QUINTALES (OF 100 LBS.). HOWEVER, THIS RETENTION REALLY ONLY 110,521 QUINTALES AS DOMESTIC CONSUMPTION ASSUMED TO INCREASE 40,000 QUINTALES DUE TO RECHANNELING OF MARKETINGS THROUGH LOCAL MARKET AND RECOGNITION IN PRODUCTION STATISTICS. PREVIOUSLY THERE WERE UNREGISTERED MOVEMENTS DIRECTLY FROM FARMS TO CONSUMERS.

4. LOCAL TRADE REPORTS THAT IN RECENT WEEKS, 30,000 BAGS SOLD TO USSR, 15,000 BAGS TO ROMANIA AND 15,000 BAGS TO CZECHOSLOVAKIA.

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